FSSA SFY07 Budget Presentation

Combining Resources to Achieve Results

Fiscal Year 2006

- Job #1 – Control Medicaid Growth Rate

- Job #2 – Implement financial accounting system and policy review process

Growth Rate

- FSSA reduced a 10% growth rate to 5% in FY06 as instructed by the Legislature, while still serving 22,453 more Hoosiers than in the last fiscal year.
  - No categorical changes were made to eligibility.

*SY07 numbers from Milliman 07 budget projections

We Also:

- Reduced the backlog of 13,500 cases awaiting medical eligibility review
- Reduced the number of people on waiver waiting lists
- Provided child care vouchers to 3,000 more children

2006: How we did it

- Effective use and distribution of the Nursing Home Quality Assessment Fee
- Instituted managed care statewide for maternal and child health.
- Decreased reimbursement for pharmacy ingredient
- Institution of annual plans and daily rates for Developmental Disabilities waiver
- Rate reduction for nursing homes
- Accelerated Medicaid Rehabilitation Option (MRO)

Accounting System and Policy Review Process

- First time that FSSA has had a agency wide accounting system
  - PeopleSoft went "Live" in May 2006
- Allows consistent tracking of all expenditures
- Enhances agency's ability to monitor funds
- Automated reporting ability
- Began internal monthly financial reviews and public quarterly financial reviews
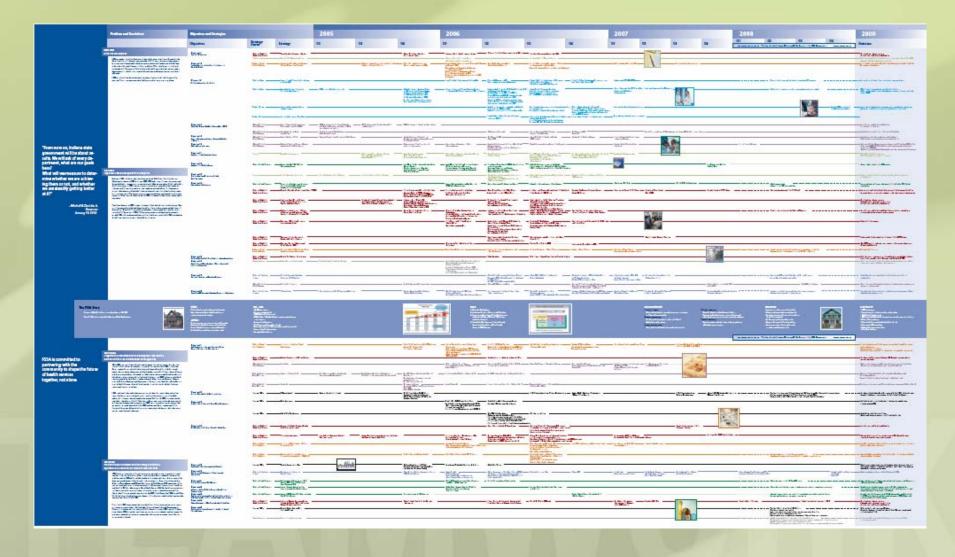
You Are What You Spend SFY07 Budget

- FSSA
  - Open, upfront, honest program budget
  - Meets all currently outlined policy objectives
  - Allow the agency to track performance against Divisions set budgets and priorities
  - Maintain 5% growth rate in Medicaid spending
  - Budget becomes numeric incarnation of strategic plan.

The Plan

Division Allocation – SFY07
State Dollars Only (inc. Transfers)

Division	FY06**	FY07*	Dollar Increase
Aging	441,329,417	$467,000,000	25,670,583
Mental Health and Addiction	465,484,845	$482,463,000	16,978,155
Division of Disabilities and Rehabilitative Services	407,614,150	$430,100,000	22,485,850
Family Resources	166,301,565	$170,550,000	4,248,435
Maternal and Child Health	510,477,268	$548,900,000	38,422,732
Medicaid and Health Policy	502,944,371	$524,500,000	21,555,629
Administration	30,000,000	$30,000,000	0

**Numbers from HB1001 Budget Bill 2005

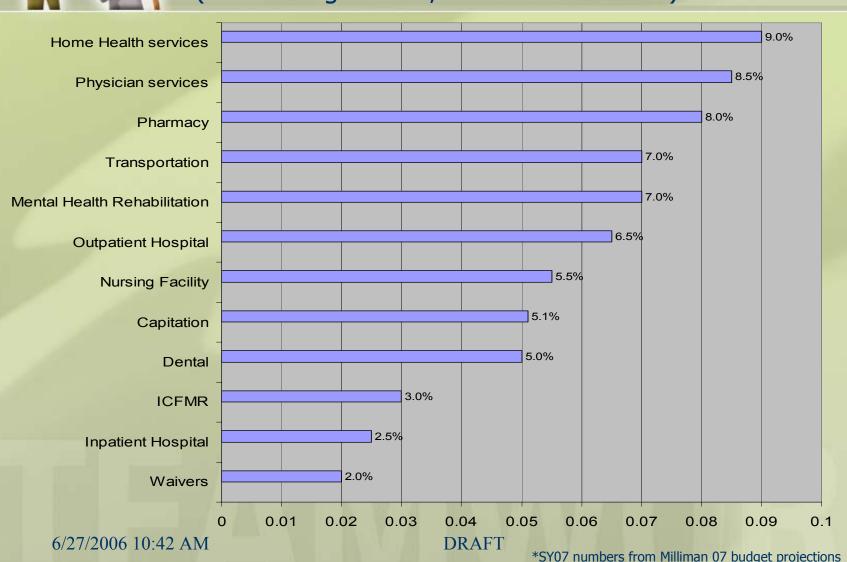*SY07 numbers from Milliman 07 budget projections

Aged, Blind and Disabled "Health Plan" Cost Growth for FY07

- **Percent increase for Medicaid State Plan services for non managed care population**
  - Inpatient Hospital – 2.5%
  - Outpatient Hospital – 6.5%
  - Physician Services – 8.5%
  - Dental – 5.0%
  - Home Health Services – 9.0%
  - Pharmacy – 7 to 9%

SFY 2007 Cost Per Member Per Month Trend*

(Non Managed Care, State Plan Services)

Service	Percentage
Home Health services	9.0%
Physician services	8.5%
Pharmacy	8.0%
Transportation	7.0%
Mental Health Rehabilitation	7.0%
Outpatient Hospital	6.5%
Nursing Facility	5.5%
Capitation	5.1%
Dental	5.0%
ICFMR	3.0%
Inpatient Hospital	2.5%
Waivers	2.0%

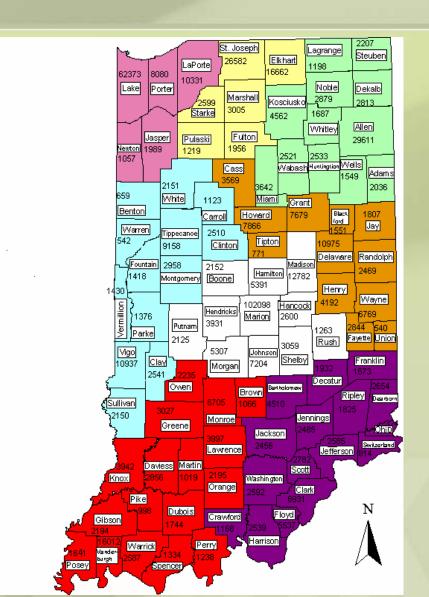*SY07 numbers from Milliman 07 budget projections

Care Management for the Aged, Blind and Disabled

- More effectively tailors benefits to the aged, blind and disabled (ABD) population's needs by using evidence based medicine to manage services by duration, scope and severity.

- Improve quality of care and health outcomes for the aged, blind (ABD) and disabled population

- Used as a tool to control growth of health care costs for the aged, blind and disabled (ABD) population

Risked Based Managed Care

- Provides incentives for provider-based delivery systems (natural medical marketplaces)

- Combines care management with treatment.

- Connects individuals with managed care organizations (plans) not just with doctors.

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Overview of Objectives of SY07 Budget

- **Medicaid and Health Policy**
  - Fund anticipated increased enrollment
  - Implement new managed care contracts and new medical marketplaces
  - Increase managed care payments by 8.4%
  - Does not incorporate savings due to care management of aged, blind and disabled population (ABD)
    - SFY08 Impact

Medicaid and Health Policy Summary

- 40% of agency's total budget
- Fully fund all related Medicaid programs
    - Nursing Homes, MRO, Managed Care, etc.
- Includes expected increases in Medicare D payments
- Includes funding for Mental Health Cap expansion
- Provides care for 24,579 more people than served in SFY06.

Overview of Objectives for SY07 Budget

- ## Division of Aging

  - Increase waiver eligibility to 300% of Social Security Income

  - Moves 1,500 people from nursing homes to home and community based services

  - Moves 1,100 people off of waitlist

  - State wide nursing home moratorium

  - Long term care insurance

Aging Summary*

- Total budgeted state dollar increase of 5.8%
- Increase waiver budgets by 98.7%
- Total dollar increase of $68.1 million
- Provide care for 6,000 more people than served in SFY06 – including 1,125 from the waitlist.

*Numbers from HB 1001 Budget Bill 2005

Overview of Objectives for SY07 Budget

- Division of Disabilities and Rehabilitative Services
  - Closure of Ft. Wayne developmental center
  - Movement of 2,250 people off of waitlist
  - Integrated care management system
  - Crisis management program for patients transitioning into the community

Division of Disabilities and Rehabilitative Services Summary[*]

- Total budgeted state dollar increase of 5.5%
- Increase waiver budgeted amount by 11.6%
- $19.2 million (16%) increase to developmental disabilities waiver budget
- Total dollar increase of $61.8 million
- Provide care for 2,592 more people than served in SFY06.

*Numbers from HB 1001 Budget Bill 2005

Overview of Objectives of SY07 Budget

- **Division of Family Resources**
  - Fully fund eligibility changes
  - Provide funding to transition staff to new programs
  - Meet all maintenance of effort requirements (MOE)
  - Remove 3,000 people off child care voucher waitlist
  - Comply with Federal changes in TANF

Division of Family Resources Summary[*]

- Total state dollar increase of 2.6%
- Provide child care services to 3,000 more children
- Provide job opportunities for all current Division of Family Resources employees
- Total dollar increase of $21.6 million
- Provide services for more than 30,000 more people than served in SFY06.
  - Enrollment or Direct Care Services

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*Numbers from HB 1001 Budget Bill 2005

Overview of Objectives of SY07 Budget

- Division of Mental Health and Addiction
  - Mental health and addiction transformation project
  - Localization of Richmond State Hospital
  - Two new Isaac Ray units at Logansport State Hospital

Division of Mental Health and Addiction Summary*

- Total budgeted state dollar increase of 3.7%
- Increase budgeted Medicaid Rehabilitation Option (MRO) expenditures by 20.2%
- $7.1 million increase to State Operated Facilities
- Total dollar increase of $80.8 million
- Provide care for 5,800 more people than served in SFY06.

Total Medicaid Summary

- Limits growth rate to 5% - AGAIN

- Ability to serve 23,592 more Hoosiers

- Fully funds all programs at expected growth rates

FY08 and FY09 Direction

- Focus on community care

- Establish a sustainable health care model

- Continue to contain the Medicaid growth rate

- Continue providing care to Hoosiers who are most in need

- Integrate systems of care across the agency and state government

- Participate in discussions of increased funding to the uninsured population

Medicaid and Health Policy

Jeanne Labrecque

Medicaid and Health Policy Director

Presentation Summary

- What is the Administration's vision and goals for providing care to the aged, blind and disabled?

- What are the key Care Management Program design features?

- What are the key dates and next steps for implementation of the Care Management Program?

- What feedback do stakeholders have regarding program design?

Introduction

"...*Current health care often fails to meet the needs of chronically ill people. Treatment regimens for chronic illnesses often do not conform to evidence-based guidelines....*

Providers typically devote little time to assessing function, providing instruction on behavioral change or self-care, or addressing emotional or social distress...

Care is fragmented, with little communication across settings and providers..."

Mathematica Policy Institute, 2000

What is the future of FSSA?

2005	**2009**
10 Percent Medicaid Fiscal Growth	5 Percent Medicaid Fiscal Growth
90 Percent of Seniors in Nursing Homes are Medicaid Members	50 Percent of Seniors in Nursing Homes are Medicaid Members
"Crazy Quilt" of Financing	Dollars Follow the Person
Separation of Care for developmentally disabled Population: Medical, Custodial	Link Care for Developmentally Disabled Population through risked based managed care

State's Vision to Date

- The State's Vision to Date
  - To lead the future of healthcare in Indiana by being the most effective health and human services agency in the nation
  - To partner with healthcare providers across Indiana to further evolve the delivery of healthcare in our state
  - To improve health outcomes by providing healthcare based on clinical best practices and targeted to meet the special needs of patients

What are the Administration's goals for the Care Management Program?

- To more effectively tailor benefits to the aged, blind and disabled (ABD) population's needs by using evidence-based medicine to manage services by duration, scope and severity

- To improve the quality of care and health outcomes for the ABD population

- To control the growth of health care costs for the ABD population

What is care management?

"...*Care Management programs apply systems, science, incentives, and information to improve medical practice and help patients manage medical conditions more effectively with the goal of improving patient health status and reducing the need for expensive medical services...*"

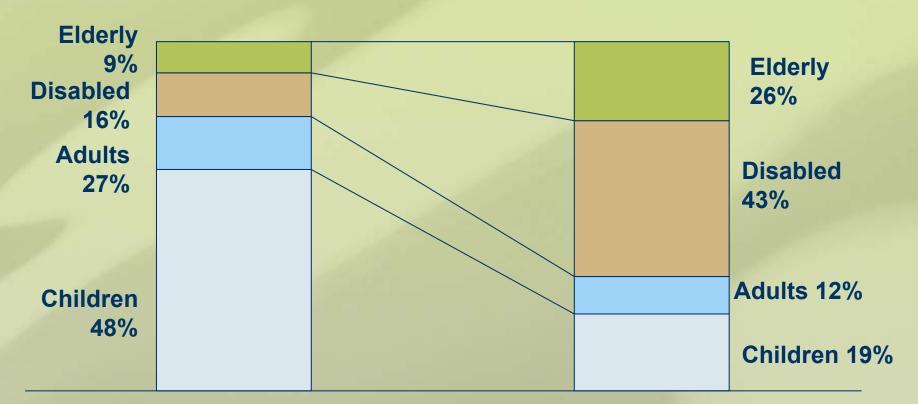Robert Mechanic, Brandeis University, 2004

What is care management? (Continued)

- Care management is an "umbrella" term that encompasses the following services:
  - Comprehensive care coordination services that are based on the individual, rely on the medical model and include Medicaid-covered services
  - Case management services that assist individuals in gaining access to & having a better understanding of needed medical, social, educational and other services
  - Disease management services that are population-based and target specific disease states
  - Targeted case management services that are case management services provided to a specific class of individuals (e.g., foster children) or individuals who reside in specified areas

Indiana's Medicaid Enrollees and Expenditures by Enrollment Group

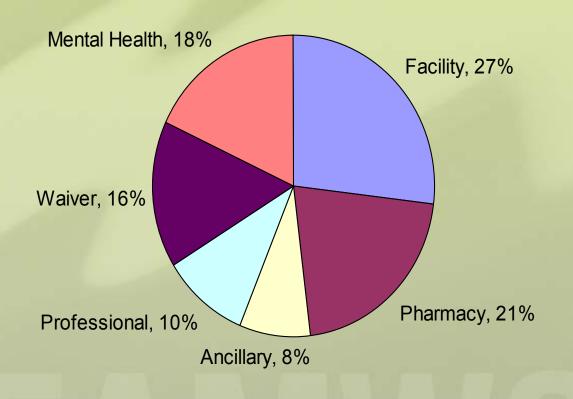**SOURCE: Data compiled from Medinsight using 1/06 enrollment and FY 2005 distribution information.**

Elderly 9%
Disabled 16%
Adults 27%
Children 48%

Elderly 26%
Disabled 43%
Adults 12%
Children 19%

Enrollees
Total = 835,000

Expenditures
Total = $4.4 billion

Note: Data compiled from Medinsight using 1/06 enrollment and FY 2005 distribution information, includes dual-eligibles.

Blind & Disabled Claim Expenditure Distribution, non-duals

Mental Health, 18%

Facility, 27%

Waiver, 16%

Professional, 10%

Ancillary, 8%

Pharmacy, 21%

Legend:
- Facility
- Pharmacy
- Ancillary
- Professional
- Waiver
- Mental Health

Indiana's ABD Population: Key Statistics

- Most prevalent conditions in Indiana's Medicaid Disabled population
  - Cardiovascular (46%)
  - Psychiatric (45%)
  - Central nervous system (33%)
  - Pulmonary (33%)
- Age Distribution of Indiana's Medicaid Disabled Population
  - 8.7% under age 21
  - 51.3% aged 21 – 49
  - 39.8% aged 50 – 64
  - 0.3% aged 65 and over

What are the key Care Management Program design features?

Design Feature	Current Medicaid Select Program Feature	Proposed Care Management Program Feature
1. **Contracting areas**	Statewide	Statewide
2. **Contracting entities**	■PCCM Administrator (AmeriChoice) ■Disease Management Vendor ■Medical Management Administrator (HCE)	One contractor for PCCM, care management, and medical management
3. **Covered Population**	■ Aged, blind and disabled (both physically and mentally) population ■ Dual eligibles ■ Room and board assistance ■ Children receiving adoptive services ■ M.E.D. Works enrollees	■ Same as Medicaid Select with two exceptions: ■Dual eligibles are excluded ■Waiver recipients are included

What are the key Care Management Program design features? (continued)

Design Feature	Current Medicaid Select Program Feature	Proposed Feature
4. **Member Enrollment**	Mandatory enrollment via enrollment broker	▪Mandatory enrollment directly with Contractor ▪Option to "opt out" of disease management services
5. **Medical Management**	▪Limited management by HCE ▪PMPs refer members to specialists	▪Contractor conducts utilization management of most medical and pharmacy services ▪Provider profiling ▪PMPs responsible for referrals

What are the key Care Management Program design features? (continued)

Design Feature	Current Medicaid Select Program Feature	Proposed Feature
6. **Care Management**	Disease management program	◾Expanded disease management ◾Case management ◾Targeted case management ◾Comprehensive care coordination
7. **Provider Network**	PMP network through State	◾Robust provider network of PMPs, specialists and hospitals ◾Network controlled by the vendor

What are the key Care Management Program design features? (continued)

Design Feature	Current Medicaid Select Program Feature	Proposed Feature
8. **Covered Services**	Comprehensive, including disease management	Comprehensive, including care management
9. **Electronic Data Sharing**	No requirements	■Require electronic data sharing ■Leverage existing resources ■Encourage affiliations with existing health information networks
10. **Risk-sharing arrangement**	No requirements	Contractor to produce guaranteed savings and specific clinical outcomes, or return portion of money to State

Key Dates for New Care Management Program

Fall 2006

Develop and release Request for Services (RFS)

Summer 2007

Contract with Care Management Contractor

Summer 2007

Conduct readiness review of Care Management Contractor

Fall 2007

Implement new program

Next Steps for Care Management Program

■ The State will:

➢ Continue to receive and consider input from various stakeholders, advocacy groups, recipients and their families, etc.

➢ Submit comments at http://www.in.gov/fssa/servicedisabl/medselect/mcpilot.html

➢ Conduct follow-up meetings, as appropriate

➢ Develop and roll out communications strategy for introducing new program

Division of Family Resources

Jim Robertson, Director

Strategic Plan

The Vision: Self-Sufficiency

The Mission: The mission of DFR is twofold: First it is to allow needy Hoosiers the opportunity to apply for Medicaid, TANF, Food Stamps and Child Care Vouchers in the most convenient means possible. Secondly, it is to make a consistent, accurate and timely eligibility decision on each application we receive..

Guiding principles:

- Accuracy
- Work First
- Increase Access

DFR Budget Summary
(State Dollars Only)

- Federal Child Care Development $35,056
- TANF Assistance 43,957
- County Administration 61,360
- Indiana Client Eligibility System 7,758
- TANF/Food Stamp Impact 8,078
- Central Office Administration 7,868
- Other Miscellaneous 6,473

- Total $170,550

DFR Budget Summary

All Dollars

	($Millions)	o/(u) `06
Federal Child Care Development	$ 175.7	0%
TANF Assistance	153.1	0%
County Administration	118.0	(2%)
Indiana Client Eligibility System	16.5	8%
TANF/Food Stamp Impact	22.8	0%
Central Office Administration	7.9	0%
Other Miscellaneous	9.0	3%
Total	**$503.2**	**0%**

Major Program Goals

- Complete contract negotiations with Eligibility contractor

- Complete early phases of transition to new service model

- Develop additional policies/procedures to meet new Work Participation requirements

- Continue to reallocate TANF funds towards additional subsidized day care

DIVISION OF AGING

Steve Smith, Director

Strategic Plan

The Vision: *Redefine Long-Term Care (LTC) Marketplace for Consumers and Providers*

The Mission: To promote health maintenance and facilitate delivery of a broad array of cost-efficient quality supports for older Hoosiers

Guiding principles:

- LTC Capacity Expansion
  - Create LTC Options for Aging Hoosiers
  - Create Small Business Opportunities for LTC Providers
- OPTIONS Awareness – Knowing your LTC Options

Aging Budget Summary (State Dollars Only)

	Total
In Home Services	39.5M
Community Services	5.1M
Medicaid Waiver	25.0M
HCBS	11.3M
Comprehensive Care	384.8M
Aging Admin	330K
TOTAL	**466M**

Aging Budget Summary (Cont.)

	Total	o/u FY06
Nutrition Services	1.56M	23%
In Home Services	72.1M	5%
Community Services	7.86M	9%
Medicaid Waiver	66.6M	49%
HCBS	11.3M	0%
Comprehensive Care	1.01B	2%
Aging Admin	330K	100%
TOTAL	**$1.2B**	**4%**

Major Program Goals

- Roll out services into a single, integrated long term care solution branded as "OPTIONS".

- Increase the supply of non-nursing facility OPTIONS providers through rate increases, closure and conversion fund, and through the increase and enhancement of available programs.

- Increase demand for non-nursing facility services by equalizing financial eligibility requirements.

- Achieve the closure of 1,500 licensed, certified and occupied nursing facility Title 19 beds.

DIVISION OF DISABILITIES AND REHABILITATIVE SERVICES
Peter Bisbecos, Director

Strategic Plan

The Vision: *Lifespan Empowerment*

The Mission: Facilitating effective partnerships which enhance the quality of life for the people we serve in the communities and pursuits of their choice.

Guiding principles:

- Self Advocacy – Self Direction
- Quality Integration – Quality Outcomes
- Work First – Meaningful Day
- Dignified Risk – Risk Management

People Served

Chart legend: — People in Services — Waiting List

X-axis: SFY 05, SFY 06, SFY 07, SFY 08, SFY 09

- Annual Plans
  - Convert State-Funded Services to Waivers
    - FWSDC Closure

DDRS Budget Summary

- **BDDS**
	($Millions)	o/(u) '06
Waiver recipients (Medicaid)	$ 445.9	22%
Group homes (Medicaid)	252.5	5%
General medical care (Medicaid)	62.0	(12%)
Fort Wayne State Dev. Center	74.0	0%
State reimbursement plans	30.9	(25%)
Strategic initiatives	3.9	100%
Personnel and operating costs	9.8	(29%)

	($Millions)	o/(u) '06
Rehabilitation (BRS & BCDS)	137.4	0%
Disability Determination	39.0	0%
Total	**$1,055.4**	**5%**

Major Program Goals

- Reinvest savings by adding waiver recipients
- Complete closure of Fort Wayne SDC by 7/07
- Continue shifting from State plans to waivers
- Single case management provider (12/06)
- Crisis management strategy initiated (10/06)
- OASIS implementation started (target 7/08)
- VR funding innovative projects via CRP

DIVISION OF
MENTAL HEALTH AND ADDICTION
Cathy Boggs, Director

Strategic Plan

The Vision: A Life in the Community for Everyone

The Mission: Building Resiliency, Facilitating Recovery

Strategic Initiatives:

– Mental Health and Addiction Transformation

– Localization

– Indiana Neuroscience Center of Excellence

– Strategic Prevention Framework State Incentive Grant

DMHA Budget Summary

	FY06 Total	FY07 CMHCs & Counties	FY 07 State GR & Ded	FY07 Federal	FY07 Total	% Change FY06-07
Grand Total	$777,877,022	$135,320,600	$347,142,745	$376,270,021	$858,733,366	10.4%
Community Services Total	$482,107,170	$124,783,834	$129,492,993	$299,774,675	$554,051,502	14.9%
State Operated Facilities Total	$174,539,224	$0	$181,610,124	$0	$181,610,124	4.1%
Other Medicaid Behavioral Health Total	$118,763,628	$10,536,766	$33,802,328	$74,688,246	$119,027,340	0.2%
Administrative Total	$2,467,000	$0	$2,237,300	$1,807,100	$4,044,400	63.9%

Major Community Program Goals

- Design Results-Based Funding System for Community Programs

- Complete Initial Consumer Services Review to Establish Quality Baseline

- Complete Development and Begin Implementation of Children's Cross-Agency Assessment Tool (CANS)

- Enhance Services to Persons Using Methamphetamine or Other Drugs

- Begin Funding Community Prevention Programs Using SPF SIG

Major State Operated Facility Program Goals

- Execute Contract for Richmond Localization
- Complete Program Design for New Larue Carter Facility
- Open Final Two New Isaac Ray Units at Logansport
- Provide Additional Staffing at Logansport for Level of Care Needed by Patients Transferred from Fort Wayne State Developmental Center
- Install Pharmacy System at Evansville and Richmond
- Fund Initial Investment for Upgrade/Replacement of Admission, Discharge and Transfer system